

MEMORANDUM

Construction Workers Camp at the New Embassy Compound, Baghdad

Background.

During my visit to Baghdad in November, 2005, I spent a day observing the New Embassy Compound (NEC) construction site. I walked and rode through most of the site, including the camp which housed the construction workers, spoke with many members of the management group from the Department of State (Department) and from the general contractor First Kuwaiti Trading and Contracting Company (FK), and spoke randomly with workers. The visit to the NEC was a routine part of my visit to Baghdad and was not prompted by any specific allegations of wrongdoing. I remember being impressed by the recreational and support facilities and the apparent high morale of the work force which consisted of many different nationalities. Nothing came to my attention evidencing any Trafficking in Persons (TIP) violations or human rights abuses.

Allegations.

In the months following my visit, various allegations came to my attention regarding abuses and misconduct at the NEC. Some of these allegations included the following:

- Most of the Third Country Nationals (TCNs) working at the NEC were malnourished. TCNs were forced to eat leftovers from American personnel off of the dirt floor of their tent or on cardboard boxes. Food, when available, was put in a trough similar to pig farms.
- All workers had their passports taken away to prevent them from leaving.

- All workers were deceived about their job location. Many signed contracts in their home countries to work in the hotel industry in Dubai. They were given plane tickets for Dubai but once in the air were told they were going to Iraq instead.
- Workers were snuck onto the NEC in convoys to avoid detection since they were not supposed to be there due to home country bans.
- Most of the workers were not paid.
- Construction managers routinely beat their workers.
- Living facilities were characterized by poor sanitation and squalid living conditions.
- Clinics lacked hot water and disinfectant, and had dirty beds and poorly trained staff. Drugs were disorganized and unintelligibly labeled.

Work Plan.

In June 2006, I contacted the Multi-National Force – Iraq Inspector General (MNF-I IG) to propose a joint review of the FK camp at the NEC. At that time, we agreed to do a review on site between 15-20 August, 2006. Since MNF-I IG had already done a TIP inspection, much could be gained by each of us from a joint initiative.

MNF-I IG provided me with their program for a review focused on TIP and the fair and ethical treatment of a foreign work force. It consisted principally of an initial in-brief with senior leaders and contracting officers followed by private confidential sensing sessions with workers and inspection of life support areas. A suggested list of typical questions to be asked of workers was provided.

I therefore agreed in June that I personally, along with my Deputy Inspector General, would travel to Iraq to participate in the joint review in August. However, in mid-July, I was informed that other higher priority matters required MNF-I IG to postpone the NEC review indefinitely.

Nevertheless, my Deputy Inspector General and I went to Iraq in mid-September, and on September 15, 2006, we carried out a review according to the work plan suggested by MNF-I IG.

Our Review.

Our review was necessarily limited in scope. It did not constitute an audit. It consisted essentially of agreed-upon or limited procedures and was designed to provide negative assurance rather than attestation. It consisted of the following procedures:

- 1) Interviews with senior Department leaders and contracting authorities in the U.S. prior to departure;
- 2) Interviews with senior Department leaders and contracting authorities in Baghdad;
- 3) Physical review of the entire NEC site, including walkthroughs of kitchen and dining room facilities, medical clinic, recreational facilities, computer café, telephone access areas, commissary, management offices, and other areas;
- 4) Private interviews, outside the presence of any Bureau of Overseas Buildings Operations or FK representatives, with workers of Filipino, Indian, Nepalese, and Pakistani nationality;
- 5) Physical inspection of the living quarters of each interviewee, together with observation of living quarters of other workers randomly selected as we walked around;
- 6) Physical inspection of group facilities such as shower and lavatory, barbecue, religious, recreation and sports areas; and
- 7) Questions randomly asked of workers encountered in the areas we observed.

Responses from Interviewees.

We received the following responses on the following subjects from those workers interviewed:

1) Passports:

One half of the interviewees carried their passports on their person and one half requested FK to maintain them for security and convenience. Each of the latter believed they had free access to his passport and each had signed a form documenting he had requested that FK keep his passport for safekeeping and had voluntarily submitted it.

2) Employment Contract:

Each interviewee confirmed that he had a signed copy of his employment contract, which appeared in both English and his native language. Among other provisions, the contract set forth salary allowances, overtime, and annual leave entitlements for periods worked in both Iraq and Kuwait.

3) Fees for Job:

Most of the interviewees had paid some intermediary or agency a fee for obtaining his job. The fees ranged from one month of salary for Indian and Filipino to \$1,200 for a Nepalese with a 26-month contract and a basic salary of \$900/month.

4) FK Performance of Contract:

Aside from one Civil Foreman who had an issue regarding his job classification that was being worked out, each interviewee agreed that FK was abiding by the terms of the contract.

5) Overtime:

Each interviewee willingly sought and obtained overtime work. It was considered a benefit.

6) Pay:

Each interviewee acknowledged being paid on a regular monthly basis, with one having the money sent directly to his family at his request.

7) Resignation:

Each interviewee believed that, subject to certain early resignation provisions which he understood in his contract (a standard provision of which was a \$2,500 fee in the event of resignation before completion of one year of service to cover medical test, travel from his country of origin, residency fees, and other expenses), he had the right to quit and return home at any time, as well as to quit and move to another company at the conclusion of his contract.

8) Mistreatment:

No interviewee was aware of any worker who had been mistreated, abused or subjected to pressure to engage in sexual activities.

9) Insurance Coverage:

Each interviewee was aware that he had medical and dental coverage at the medical clinic and that death benefits and applicable workmen's compensation were provided for in his contract.

10) Food:

Each interviewee ate his meals at the dining facilities and rated the food "good" or higher.

11) Recreation:

All interviewees, to the differing extent of their interests, were aware of privileges they had to commissary, religious, sports and other MWR facilities.

In our random approaches to individual workers other than the interviewees, we generally made inquiries regarding the matters in 5, 6, 8, 10 and 11 above. We did not receive any responses that differed from the interviewees.

Physical Inspection.

Following the interviews, each interviewee was requested to show us his living quarters. They were each in different sections of the camp. The living quarters were dry trailers, generally separated into three equal-size separate entry rooms, with overhead cover superior to that of the trailer area I stayed in at the Embassy. Each room accommodated three or four workers, was neat and clean, and was air conditioned. While in the various camp sections, we randomly asked other workers to show us their quarters, which they did. All were of the same general size and condition, and about half contained a TV and/or a small refrigerator. Shower and lavatory facilities were close by, plentiful, clean and functional.

We saw six different dining facilities serving Egyptian, Philippine, African, Lebanese, Pakistani and Indian cuisines to meet the different tastes of most of the workers. The facilities were uniformly clean and efficient, and the food appetizing. At least one of the facilities had a large TV for workers to watch both during and after serving hours.

In addition to recreational areas, which included makeshift basketball, soccer and volleyball, we visited a small commissary with snacks and personal items for sale and an internet café where workers could sign up for internet access.

An important facility was the medical unit we visited. It was equipped with a pharmacy, emergency room, x-ray machine and dental suite. The unit was clean, well-organized and had several medical staff members. The medications were neatly arranged and appeared to be labeled in both English and Arabic. Medical staff members we interviewed said they were not aware of any medical unit visits by workers for injuries related to beatings or abuse.

Management Visit.

Because my review was limited, I continued to seek additional inspection from MNF-I IG. While that inspection was being scheduled, it is my understanding that the Management Counselor and at least four other senior officials from the Embassy, including the Regional Medical Officer, visited the FK camp at the NEC to get a general idea of the conditions there. They did not conduct any worker interviews because they were aware that I had previously done some and that MNF-I IG intended to do more. Among the views expressed by the group,

- a hard cover dining facility they visited was impressively clean, well-lit and with a TV for workers to watch both during and after food service hours;
- a tented dining facility they visited was clean, air-conditioned, and equipped with all basics;
- a makeshift basketball court, internet café, and small commissary were all functional;
- the medical unit was new and appeared well-equipped and well-staffed;
- the Regional Medical Officer saw nothing that substantiated allegations of worker abuse or gross medical mismanagement such as dispensing of drugs labeled only in Arabic by non-Arabic speaking personnel; and
- in general, the FK camp was adequate for its purposes and the basic needs of food, housing and sanitation were being met.

MNF-I IG Inspection.

An MNF-I IG team spent 4 December 2006 inspecting the FK camp at the NEC. In view of some specific additional allegations of possible abuses, MNF-I IG returned for a second visit in December. MNF-I IG's procedures and experience were significantly more extensive than my own. MNF-I IG found no evidence whatsoever at either visit of any abuses against TCNs at the NEC.

Based on MNF-I IG's inspection and its experience in inspecting life support areas across Iraq -- during this time the NEC was 1 of 58 areas inspected by MNF-I IG in Iraq -- MNF-I IG advised me, among other things, of the following inspection results:

- the FK camp at the NEC was clean and well kept;
- the living areas were at least the 50 sq. ft. per person required by MNF-I IG standards;
- the food was quite good;
- latrine and shower facilities were clean and well kept;
- the medical facility was very extensive, with several doctors and a full dental clinic;
- the medical and dental care provided to the workers was exceptional;
- no worker had circumvented Iraqi entry procedures or bypassed Iraq's immigration process;
- most of the workers had their passports voluntarily held by management to protect against loss or being stolen, and all those stated they requested management to do so and were aware their passports were their private property; and
- no evidence was found to indicate the presence of severe forms of trafficking, such as for sexual exploration, abduction, slavery, or removal of organs.

On balance, MNF-I IG concluded that (except for recruitment fees illegal in some workers' country of origin) there was no evidence of TIP violations, and of the 58 living support areas inspected by MNF-I IG, the FK camp at the NEC "rated in the top third with above average quality of life conditions". A copy of MNF-I IG's report to me is appended hereto as Appendix A.

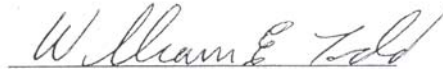
Result:

Based on the foregoing, nothing came to our attention as a result of the foregoing procedures that caused us to believe that TIP violations or violations of the type referred to under "Allegations" above occurred at the FK camp at the NEC.



Howard J. Krongard
Inspector General
U.S. Department of State

Along with



William E. Todd
Deputy Inspector General
U.S. Department of State

Dated April 30, 2007



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HEADQUARTERS
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APPENDIX A

20 March 2007

MNF-IG

MEMORANDUM FOR Office of the Inspector General at the US State Department

SUBJECT: Multi-National Force-Iraq (MNF-I) Trafficking in Persons (TIP) Re-Inspection

1. This memorandum replies to your request for information on the results from our TIP inspection at the New Embassy Compound (NEC).

2. In December 2006, MNF-I Inspector General inspected the NEC on two separate occasions. This office had been requested by Howard Krongard IG at the US State Department to look at the NEC. The NEC was only 1 of 58 life support areas (LSA) inspected across Iraq. Our inspection was to look into the recruiting/employment practices, and worker LSAs of the contractors/subcontractors supporting Department of Defense (DoD) in Iraq. During the inspection at the NEC, 36 workers from 7 different nations participated in the sensing sessions.

3. The inspection results:

a. Most of the workers had their passports voluntarily held by management to protect against loss or being stolen. Of the workers that had management holding their passports, all stated they requested management to do so. All Third Country Nationals (TCN) were aware that their passports were their private property.

b. The workers stated that they can give notice of resignation at any time and be processed to return home within several days or weeks.

c. Several NEC TCNs reported that fraudulent hiring practices were used during their recruitment. They stated the promises made and the terms of the original contracts presented to them in their country of origin were inconsistent with the actual conditions (lower pay, longer hours, no days off) of their employment in Iraq. In all cases where deceptive hiring practices were evident, the workers originated from the Indian Subcontinent countries of Nepal, India, Pakistan, Bangladesh, and Sri Lanka. The deception was from recruiting agencies that were being paid by these workers, if they accepted these jobs and traveled to Iraq. Additionally, some workers were told to sign

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SUBJECT: Request for Information – MNF-I Actions to Combat Trafficking in Persons

contracts in their home countries in English, even though they could not read or understand the text of the contract.

d. A large majority of workers from the Indian Subcontinent incurred recruiting fees of up to 1 year's salary, which far exceeded the legal limits of the countries where the recruitment took place. Workers from the Philippines paid an amount within the legal limits of their country. Recruiting fees from approximately \$2,000 to \$3,000 are normal for workers from the Indian Subcontinent; TCN workers typically make only \$240 to \$400 per month. These workers reported they usually raise money to pay their recruiting fees by selling or mortgaging their land/house to a bank at 18-24% interest per year. Other workers borrow money from family, friends, and their villages to pay these illegal fees to recruiters. In several extreme cases, TCN workers relinquished all pay for between 9 to 12 months of labor, in order to repay their recruiting fee and interest. Some nations have established laws to limit the maximum recruitment fee that can be charged, and require recruiting agents to be licensed to operate within the country.

e. The NEC TCN camps I inspected were all clean and well kept. The living areas provided to the workers were at least the 50 sq ft per person required by MNF-I standards. The dining facilities were set up to accommodate the various TCNs by serving their cultural foods. We had lunch in one of the dining facilities and thought the food to be quite good. Latrine and shower facilities were clean and well kept. The medical facility was very extensive with several Indian doctors and a full dental clinic.

f. Workers had flown into Baghdad International Airport and had their passports stamped as proof of legal entry. No workers had circumvented Iraqi entry procedures by being routed on military and corporate flights directly to U.S. military installations in Iraq, completely bypassing Iraq's immigration process.

g. No evidence was found to indicate the presence of severe forms of trafficking, such as trafficking for sexual exploitation, abduction, slavery, or removal of organs.

4. I saw no evidence of Trafficking in Persons violations, other than the illegal recruitment fees, occurring at the NEC. The workers were being paid and had the ability to quit at anytime and, with some advance notice, return to their home country. TCNs worked 7 days a week with 14 days vacation per year. Salaries ranged from \$240 per month for unskilled labor to \$1400 per month for skilled. Of the 58 LSAs inspected, the NEC TCN camp rated in the top third with above average quality of life conditions.

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5. Please direct any questions you may have pertaining to our TIP program to the MNF-I Inspector General, at DSN (318) 822-2597.

William M. McGowan
Lt Col, USMC
Deputy MNF-I IG

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